
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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RTO WORKSHOP HEARS VARIETY OF PROPOSALS

Sharing information and views on the development of regional transmission organizations (RTOs) in the Northeast was a key theme today as Deputy General Counsel Cynthia A. Marlette of the Federal Energy Regulatory Commission welcomed over 250 participants on the first day of a two-day Commission workshop in Philadelphia.

She said the key to the success of the workshop is to keep the "next steps" in mind while talking through various RTO issues and proposals. If all goes well, by the end of the "next steps" discussion tomorrow, she said, the participants would have a list of issues that define the framework of any future discussions, and a commitment by the parties in the Northeast to continue a collaborative process.

As provided by the agenda, participants discussed means of promoting coordination or unification of various RTO functions, including a virtual RTO for the Northeast, an ISO-gridco model for New England, and improvements to an existing memorandum of understanding among the four existing Northeastern organizations to create a seamless Northeast power market.

Participants thanked the Commission for its leadership and discussed a variety of issues concerning the formation of RTOs. One participant noted that input from all market participants, regulators and end users is critical to a successful transition to an RTO model. Another said the ISO New England is far along in meeting Order No. 2000 although it needs some improvement.

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One participant suggested an RTO that would include several Canadian provinces while another contended that a larger ISO would not necessarily benefit reliability for consumers.

Today's speakers included representatives of the current independent system operators (ISOs) in New England, New York and the mid-Atlantic regions as well as other market participants, including the Independent Market Operator of Ontario, Canada. They discussed different approaches to RTOs, including creating a seamless electricity market by strengthening regional coordination. The agenda for tomorrow includes, if, how, and when the multiple ISOs in the region can be consolidated into a single transmission organization.

In December 1999, the Federal Energy Regulatory Commission adopted Order No. 2000, its historic policy designed to further competition and bring lower prices to electric utility consumers through the voluntary development by transmission owners of arms-length RTOs that would prevent the use of market power to hinder competitors.

At that time, the Commission said it would undertake a collaborative process, of which the Philadelphia workshop is a part. Commission staff will be fully engaged with transmission owners, public and non-public utilities, as well as state officials and affected interest groups, to actively work toward the voluntary development of RTOs.

The Commission has committed its resources and made key staff available to advise and facilitate the collaborative process.

To accommodate the issues and concerns of the parties in each region, a unique agenda has been developed for each workshop.

In Order No. 2000, the Commission made clear that it was not favoring one form of RTO over another and would encourage flexibility in RTO formation. In addition, the Commission withheld judgement about whether existing ISOs qualify as RTOs under the rule.

The Commission completed its first regional workshop in Cincinnati on March 1 and 2.

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Future dates and locations for workshops are:

March 23 - 24	Las Vegas, Nevada
March 29 - 30	Kansas City, Missouri
April 6 - 7	Atlanta, Georgia

The Philadelphia workshop continues tomorrow at the Holiday Inn, 900 Packer Avenue, at 8:30 a.m.

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